

105TH CONGRESS
1ST SESSION

S. 1315

To establish an Office of National Security within the Securities and Exchange Commission, provide for the monitoring of the extent of foreign involvement in United States securities markets, financial institutions, and pension funds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 24, 1997

Mr. FAIRCLOTH introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish an Office of National Security within the Securities and Exchange Commission, provide for the monitoring of the extent of foreign involvement in United States securities markets, financial institutions, and pension funds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; DEFINITIONS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “U.S. Market Security Act of 1997”.

6 (b) DEFINITIONS.—For purposes of this Act—

1 (1) the term “Commission” means the Securi-
2 ties and Exchange Commission;

3 (2) the term “Director” means the director of
4 the Office of National Security established under
5 this Act;

6 (3) the term “Federal banking agency” has the
7 same meaning as in section 3 of the Federal Deposit
8 Insurance Act;

9 (4) the term “foreign bank” has the same
10 meaning as in section 1 of the International Bank-
11 ing Act of 1978;

12 (5) the term “Office” means the Office of Na-
13 tional Security established under this Act;

14 (6) the term “securities laws” has the same
15 meaning as in section 3 of the Securities Exchange
16 Act of 1934; and

17 (7) the term “securities offering” has the mean-
18 ing given that term by the Commission.

19 **SEC. 2. ESTABLISHMENT OF OFFICE.**

20 There is established within the Securities and Ex-
21 change Commission the Office of National Security.

22 **SEC. 3. DIRECTOR.**

23 The Office shall be headed by a Director, selected by
24 the Commission, in consultation with the appropriate com-
25 mittees of Congress.

1 **SEC. 4. FUNCTIONS.**

2 (a) SECURITIES ACTIVITIES OF FOREIGN OR FOR-
3 EIGN CONTROLLED ENTITIES.—The functions of the Of-
4 fice shall be to review and monitor securities offerings by
5 foreign governments and by any person or entity that the
6 Office has reason to believe is an agent for or is controlled,
7 in whole or in part, directly or indirectly, by a foreign gov-
8 ernment or any political subdivision of a foreign govern-
9 ment.

10 (b) REPORTS TO CONGRESS.—

11 (1) IN GENERAL.—The Office shall submit a
12 quarterly report to the Committees on Banking,
13 Housing, and Urban Affairs and Foreign Relations
14 of the Senate and the Select Committee on Intel-
15 ligence of the Senate, and the Committees on Bank-
16 ing and Financial Services and International Rela-
17 tions of the House of Representatives and the Per-
18 manent Select Committee on Intelligence of the
19 House of Representatives regarding the amount of
20 securities offerings by foreign governments and
21 other persons and entities described in subsection
22 (a) that have occurred during the preceding quarter,
23 or are planned to be offered in the next occurring
24 quarter.

25 (2) ACCESSIBILITY OF INFORMATION.—The Of-
26 fice may, by rule, regulation, or order, take such ac-

1 tion as may be necessary to collect information nec-
2 essary to complete the reports required under para-
3 graph (1).

4 (c) NOTIFICATION TO CHAIRMAN.—The Director
5 shall promptly notify the Chairman of the Commission of
6 any information that the Director has reason to believe
7 indicates a violation or possible violation of the securities
8 laws by any person or entity described in subsection (a).

9 **SEC. 5. ANNUAL REPORT BY FEDERAL BANKING AGENCIES.**

10 (a) IN GENERAL.—Each Federal banking agency
11 shall prepare and submit to the appropriate committees
12 of Congress an annual report regarding the number of for-
13 eign banks operating in the United States that the agency
14 has reason to believe is controlled, in whole or in part,
15 directly or indirectly, by a foreign government or any polit-
16 ical subdivision of a foreign government.

17 (b) ACCESSIBILITY OF INFORMATION.—The Federal
18 banking agencies may, by rule, regulation, or order, take
19 such action as may be necessary to collect information nec-
20 essary to complete the reports required under subsection
21 (a).

22 **SEC. 6. ANNUAL REPORT BY PENSION BENEFIT GUARANTY**
23 **CORPORATION.**

24 (a) IN GENERAL.—The Pension Benefit Guaranty
25 Corporation shall prepare and submit to the appropriate

1 committees of Congress an annual report regarding the
2 extent of United States pension fund assets that represent
3 interests in any person, entity, or foreign government de-
4 scribed in section 4(a).

5 (b) ACCESSIBILITY TO INFORMATION.—The Pension
6 Benefit Guaranty Corporation may, by rule, regulation, or
7 order, take such action as may be necessary to collect in-
8 formation necessary to complete the reports required
9 under subsection (a).

10 **SEC. 7. INTERNATIONAL NEGOTIATIONS.**

11 The Secretary of State and the Secretary of the
12 Treasury are directed to enter into negotiations to con-
13 clude agreements with other nations that are allied with
14 the United States, including Japan and members of the
15 European Union, to institute in those nations reporting
16 requirements similar to those imposed by this Act.

17 Within one year from the date of enactment, the
18 State Department and the Treasury Department shall re-
19 port to Congress on the progress of negotiations required
20 pursuant to this section.

○